

## **REMARKS / ARGUMENT**

Reconsideration and further examination of the subject patent application in light of the present Amendment and Remarks / Argument is respectfully requested.

### **Claim amendments**

Claims 35 and 41 are amended herein to remove the parenthetical material, as requested by the Examiner in the Office Action.

### **Rejections under 35 USC §112**

*The Examiner has rejected claims 35-47 under 35 U.S.C. 112, first paragraph, for failure to comply with the written description requirement. Independent claims 35 and 41 are specifically cited for use of the term “no exchange of digital tokens”.*

The specification, throughout, but particularly on page 9 as originally submitted, contains reference to and description of a token database (12) which is maintained by the user. The token database contains both used and available tokens, with the token status being updated as it is used. As the user maintains the token database, and the used tokens do not leave the database as part of the exchange between the user and the third part, but instead have their status changed, it is clear from the specification that a transaction is described wherein the user and the third party do not exchange tokens. Thus, Applicant respectfully submits that the claim language “no exchange of digital tokens” is fully supported by the specification and the rejection under 35 U.S.C. 112, first paragraph, is hereby fully addressed and overcome.

*The Examiner has rejected claims 35-47 under 35 U.S.C. 112, second paragraph, for failure to point out and distinctly claim the subject matter of the invention. Independent claims 35 and 41 are specifically cited for use of the term “no exchange of digital tokens”.*

The specification at page 16 as originally submitted, and at page 18 as originally submitted, describes a transaction wherein the tokens issuer performs the actual payment between the users. Thus, the third party receives payment for providing the service from the second party token issuer. However, this payment need not occur at the time of the transaction, but when the token use is reported, as described on page 18 of the specification as originally submitted. Again, as discussed previously, there is no exchange of tokens with the third party service provider. Thus, Applicant respectfully submits that the claim language “no exchange of digital tokens” is fully supported by the specification and the rejection under 35 U.S.C. 112, second paragraph, is hereby fully addressed and overcome.

Applicant respectfully submits that the above remarks fully address and overcome the cited rejections under 35 U.S.C. §112.

#### Rejections under 35 USC §103

*The Examiner has rejected claims 35-37 and 41-47 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent No. 6,236,981 to Hill (“Hill”) in view of U.S. Patent No. 5,903,880 to Biffar (“Biffar”).*

As previously discussed by the Applicant in prior responses, Hill discloses a transaction system whereby a token is passed from a user to a merchant in exchange for a good/service, and the merchant then confirms the token via separate authentication tokens which are exchanged by the merchant and the token issuer. Per Applicant’s claimed invention, there is no passage of the token from the user to the merchant, nor is there any need for separate authentication tokens.

In summary, the Hill transaction sequence is thus: user sends token to merchant; merchant sends two tokens (user token + authentication token) to payment service; payment service sends token (new authentication token) to merchant. Applicant’s claimed sequence is thus: user sends cancelled token

report to second party (payment service / token issuer), second party authenticates cancelled tokens based on report. There is no communication with the third party (merchant) providing the service paid for by the tokens.

Biffar discloses a transaction wherein a voucher is moves from party A to party B, and then back from party B to party A. Rather than disclosing a transaction wherein there is no exchange of tokens, as alleged in the Office Action, Biffar discloses a transaction with two exchanges. This is further clarified by the claim language of Biffar, which refers to a "transfer" of the voucher. Additionally, Biffar discloses that the vouches are always transferred, as the patent specification is directed to methods of logging the voucher transfers for future validation. Biffar fails to disclose any form of transaction where there is no exchange of vouchers between the users.

In response to the cited analogies to calling cards and money orders, Applicant is unclear as to the relevance of the presented analogies. A calling card is sold by a vendor in the same fashion as any other product, where funds (cash, credit, etc.) are exchanged for the card. However, the user is required to contact the card issuer (not the card vendor) as part of the transaction using the calling card. Thus, the third party service provider (calling card issuer, per the analogy) is also the second party token (calling card, per the analogy) issuer, and thus is both are part of the transaction. By contrast, the Applicant claims that the second party and third party are not part of the same transaction. Thus, Applicant's claimed tokens are not analogous to calling cards.

The analogy to cashier checks and money order is even less apparent, as in a transaction involving a check/money order, the check/money order (token, per the analogy) is transferred to the vendor (third party service provider). Applicant is claiming no exchange of tokens, thus Applicant's claimed tokens are not analogous to checks/money orders.

*The Examiner has rejected claims 38-40 under 35 U.S.C. 103(a) as being unpatentable over Hill in view of Krsul and further in view of Business Wire, "Subscriber Computing Inc. Installs Real-Time Information System Suite for Douglas Telecommunications Inc.", Nov. 19, 1997 ("Subscriber").*

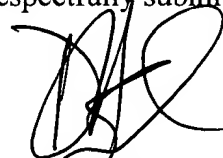
Applicant respectfully traverses this rejection. However, in light of the above amendments and remarks, Applicant respectfully submits that the above rejection is no longer applicable.

Summary

For the foregoing reasons, the Applicant respectfully submits that the subject application is in condition for allowance and earnestly and respectfully solicits an early Notice of Allowance. Should the Examiner be of the opinion that a telephone conference would expedite prosecution of the subject application, the Examiner is respectfully requested to call the undersigned at the below-listed number.

The Commissioner is hereby authorized to charge any additional fee which may be required for this application under 37 C.F.R. §§ 1.16-1.18, including but not limited to the issue fee, or credit any overpayment, to Deposit Account No. 01-0433. Should no proper amount be enclosed herewith, as by a check being in the wrong amount, unsigned, post-dated, otherwise improper or informal, or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 01-0433.

Respectfully submitted,



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